

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
UNDER SECRETARY OF DEFENSE (COMPTROLLER)  
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE  
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE  
DIRECTORS OF THE DEFENSE AGENCIES  
DEPUTY UNDER SECRETARY OF DEFENSE (ACQUISITION REFORM)  
DEPUTY UNDER SECRETARY OF DEFENSE (LOGISTICS)  
DIRECTOR, ACQUISITION PROGRAM INTEGRATION  
DIRECTOR, DEFENSE PROCUREMENT  
SUBJECT: Approval of the Contract Administration Reform Process Action Team Report

On November 4, 1994, I approved the charter for the Contract Administration Reform Process Action Team. That team was directed to develop a comprehensive plan to re-engineer specific elements of the contract administration process within DoD in direct support of far-reaching DoD goals related to acquisition reform. The Process Action Team (PAT) focused its efforts in these areas:

- Identifying what contract administration activities are most important to customers and will likely continue as a significant activity after reform, to include making recommendations on how these processes can be reengineered.
- Exploring the potential for early involvement of field contract administration personnel in formulating acquisition strategy and subsequent pre-award activities, with the objective of reducing cycle times, limiting resources required to support the process and easing subsequent contract administration efforts.
- Establishing a process for identifying “quality “ contractors and identifying how Government contract administration requirements drive contractor and Government staffing levels.
- Developing recommendations and implementation plans to reengineer the contract administration processes associated with contract closeout, oversight of contractors’ overhead rates and contractor payment, as well as examining the Government property process in coordination with the ongoing effort by the Director, Defense Procurement.

The PAT draft final report was widely disseminated throughout DoD and was utilized to obtain feedback and comments regarding the recommendations in the report. Comments were reconciled through the Acquisition Reform Senior Steering Group (ARSSG), and the team briefed me on February 10, 1995.

I have reviewed the PAT's recommendations and approve them for implementation, as outlined in the report, with the following exception:

- Recommendations 13-3: This recommendation is not approved for implementation. However, the Commander, Defense Contract Management Command, will take action to address the concerns of the Process Action Team related to ACO activity involved with inadequate contractor estimating systems.

Implementation of the report's recommendations will be managed by the Board of Directors set up to oversee the operation of the PAT, in coordination with the Deputy Under Secretary of Defense (Acquisition Reform). The Board of Directors will update the ARSSG on a regular basis. A review with representatives of the PAT will be conducted within six months to assess progress and ensure compliance with the intent of the report.